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House of Representatives

The House met at 12:30 p.m. and was called to order by the Speaker pro tempore (Mr. PETRI).

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,

March 2, 2004.

I hereby appoint the Honorable THOMAS E. PETRI to act as Speaker pro tempore on this day.

J. DENNIS HASTERT,
Speaker of the House of Representatives.

MORNING HOUR DEBATES

The SPEAKER pro tempore. Pursuant to the order of the House of January 20, 2004, the Chair will now recognize Members from lists submitted by the majority and minority leaders for morning hour debates. The Chair will alternate recognition between the parties, with each party limited to not to exceed 30 minutes, and each Member, except the majority leader, the minority leader, or the minority whip, limited to not to exceed 5 minutes.

The Chair recognizes the gentleman from Florida (Mr. STEARNS) for 5 minutes.

SOCIAL SECURITY: TAXING BENEFITS, LIMITING CHOICE

Mr. STEARNS. Mr. Speaker, last week the chairman of the Federal Reserve, Alan Greenspan, gave some seniors all over the country a little bit of a scare. But his suggestion that Congress should consider reducing Social Security benefits for future retirees was just that, a suggestion by the chairman. Current beneficiaries and near retirees should not worry. All of us, including myself, will fight to protect the benefits of current and near

retirees. They should receive nothing less than 100 percent of what they have been promised.

What seniors should take from this conversation, though, is that Social Security is just that, a promise from our government. It is not a real asset in your name. If it were, you would have a little more flexibility and decision-making on how you plan to use it for your retirement. Currently, Social Security gives retirees a one-two punch: first, taxing their benefits; and, second, discouraging productivity among early retirees by limiting their earnings.

I would like to talk about the first of these shortcomings today, taxation of benefits after you receive the check.

Until 1984, Social Security benefits were exempt from the Federal income tax. For years, many analysts questioned the basis for the IRS rulings and advocated that the tax treatment of Social Security be the same as for other pension income, because there are other options for retirement planning today than traditional pensions, other options that are taxed differently, thereby serving as an alternative retirement planning tool. I am referring to the nearly 7-year-old Roth IRA account. But first let me explain further about Social Security taxation of benefits.

If a Social Security beneficiary files a Federal tax return as an individual and his combined income is between \$25,000 and \$34,000, he may have to pay income tax on 50 percent of those benefits. If his combined income is above \$34,000, up to 85 percent of his Social Security benefit is subject to income tax. That hurts. If he files a joint return, he may have to pay taxes on 50 percent of his benefits if the spouse's combined income is between \$32,000 and \$44,000. But, Mr. Speaker, if that couple's combined income is more than \$44,000, up to 85 percent of those folks' Social Security benefits are subject to

income tax. Of course, to help discipline your money management, the pain of the IRS withholding the taxes along the way is available. So after a lifetime of seeing your paycheck eroded by taxation, inflation, you are not done when you are a senior receiving your Social Security benefits.

My objection, Mr. Speaker, to this is that we are limiting retirees' options on how they plan for their own retirement. For some of us, a preferred option while we are young in our working years might be to not have our retirement savings withheld before payroll taxes. Maybe we are willing to pay annual income taxes on all of it each year in exchange for the long-term security of knowing it will be free from taxation later, on earnings and withdrawal. Some would rather pay Uncle Sam up front like this. This is why the Taxpayer Relief Act of 1997 authorized the new Roth IRA to provide tax-free income from after-tax contributions.

But there is a bill that remedies this taxation of benefits when a senior thought he or she was on the receiving end, not the contributing end, of life. I am proud to cosponsor the bill of the gentleman from Texas (Mr. SAM JOHNSON), H.R. 434, the Social Security Benefits Tax Relief Act of 2003, which would repeal the 1993 income tax increase on Social Security benefits that President Clinton signed as a bill.

Again, this is all about choices. Social Security is one of our government's most popular domestic programs. Since its inception at the heart of the Great Depression, it has become the primary and often sole source of income for millions of Americans. However, it, like so many other staid Federal Government programs, is a one-size-fits-all program for an American people who want to try different sizes and have different choices. Just as we prefer choice in our health care, rather than a government-run system, some retirees, at least future ones, might

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.



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